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September 10, 2002

CERTIFIED RETURN RECEIPT 7099 3400 0016 8895 6573

Mr. Daniel Arima 877 North 800 West Riverton, Wyoming 82501

Re: Five-Year Review of Reclamation Surety Estimate, U.S. Energy Corporation, Tony

M/Lucky Strike Mine, M/017/001, Garfield County, Utah

Dear Mr.Arima:

The Division performs periodic reviews of reclamation surety estimates to verify their accuracy. We make adjustments for escalation and any site modifications that may require a change in the amount of reclamation surety presently being held for the site. Division policy requires that reclamation surety estimates being held by the Minerals Reclamation Program include a five year escalation component. The surety estimates are to be reevaluated every five years. A number of these five-year surety assessments are overdue because of more pressing program priorities.

Our records indicate that the reclamation surety estimate for U.S. Energy Corporation's Tony M/Lucky Strike Mine is due for review this year. To assist us in our review of this cost estimate, we request an updated map of your mine site showing current surface facilities and all mining related disturbances. Please provide the updated map at a scale of not less than 1 inch = 500 feet, which includes: buildings, stationary mining/processing equipment, roads, utilities, power lines, drainage structures (i.e. berms, culverts, etc.), topsoil, ore and product storage areas, overburden/waste dumps, tailings or processed waste facilities, solid and liquid wastes, and wastewater discharge treatment and containment facilities, etc. This map should include all areas which have been affected by this operation to date. Please ignore items listed above which do not apply to your site.



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If any reclamation has been completed on the site since the last surety estimate review, please provide a separate map of the same scale as the site facilities and disturbed area map, clearly identifying these reclaimed areas, the acreage affected, and the date of the reclamation. Please cross-hatch or shade the areas to identify the reclamation treatments (i.e. ripping, regrading, mulching, seeding, etc.) which have been applied.

Please provide this information within the next 60 days or no later than November 12, 2002. If you are unable to provide this information in this time frame, please contact the Division with justification for requesting additional time. Thank you for providing this information to assist us in our surety estimate review. If you have any questions concerning this letter, please contact Doug Jensen at (801) 538-5382.

Sincerely,

D. Wayne Hedberg

Permit Supervisor

Minerals Regulatory Program

jb

c: Ed Ginouves, BLM, Cedar City FO

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